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PHILIPPINES

SUCCESS STORY

Profits can come from small packages



Mrs. Elma Garan (above) buys household staples wholesale and repackages them in smaller quantities ideal for household consumption. The packs are sold on consignment to sari-sari stores, groceries, and even to a few large department stores in the Davao area.



Eight years ago, Mrs. Elma Garan and her husband both lost their jobs. Subsequently, to support their five children, they started a business of delivering bread and fish to *sari-sari* (small grocery) stores and fish stalls in the Santo Tomas Public Market in Mindanao. The couple barely made a profit from their business, since they did not have the means to increase their inventory and sell to more customers. “We knew we had to do something so our business would grow, but we did not have enough money to expand. Our earnings were just enough for our family’s needs”, recounts Mrs. Garan.

To supplement their income, Mrs. Garan decided to start another business. Aware of the local practice of buying *tingi-tingi* (repackaged small retail items), she decided to buy goods in bulk and repack them in smaller quantities sized for household consumption. Housewives on a tight budget frequently look for these lower-priced packets that contain the quantity they need for the day or week. She borrowed PhP2,000 (about US\$36) from an informal lender and bought spices – onions, garlic, and black pepper - in bulk and then repacked them. Mrs. Garan sold the items to *sari-sari* stores on consignment.

Initially, Mrs. Garan limited her delivery to stores in Santo Tomas. In 2002, however, rising demand for her products encouraged her to expand outside of Santo Tomas. It was then that she learned about the microfinance loan program of the Rural Bank of Santo Tomas (RBST). RBST designed and offered the individual loan product after receiving training and technical assistance from the United States Agency for International Development’s (USAID) Microenterprise Access to Banking Services (MABS) Program. Designed with microenterprise owners in mind, RBST’s microfinance loan product is offered at interest rates much lower than that charged by moneylenders or pawnshops.

Mrs. Garan applied for and received an initial loan of PhP15,000 (US\$268), which she used to buy additional inventory. She started supplying stores in the neighboring cities of Panabo and Tagum.

Several loans later, Mrs. Garan was able to increase her inventory and handle orders from major department stores in Davao City. Today, Mrs. Garan’s repackaging business employs 10 people. The business continues to grow and is now a supplier of four big supermarkets in the Davao area.

“Before obtaining the additional capital from RBST, our business had very little chance of growing. Now, we no longer live from day to day but we can actually make plans for the future.” The Garan couple has used their increased income to finish building their home and hopes to send all their children to college.

Because of her business skills, Mrs. Garan was named the “Mindanao Microentrepreneur of 2004” in an annual competition conducted by a leading business support organization. The award recognizes outstanding Filipino microentrepreneurs for their contributions to poverty alleviation and employment generation.